

ALG Minutes February 4, 2015

Present: Bart Wendell, facilitator; Katie Green & Mike Gowing, BoS; Steve Noone & Mike Majors, FC; Krista Rychlik & Dennis Bruce SC; Steve Ledoux, Glen Brand, Steve Barrett & Marie Altieri, staff.

Audience: Peter Berry, Janet Adachi, & Franny Osman, BoS; Clare Jeannotte & Brian McMullen, staff; Lauren Rosenzweig-Morton, assistant facilitator; Charlie Kadlec & Alan Nitschlem, public.

Extra info: Town of Acton Multi-year Financial Model

Minutes were accepted.

3. Update on Minuteman, Nancy Banks

Nancy said that the Minuteman school committee was supposed to get the options for the new construction at Minuteman on Monday but the meeting was cancelled because of the snow. In the 10 year review of the school, the report came back very critical of the building. The school is 40 years old and is not fully handicapped accessible. Something has to be done.

The administration won a MSBA grant to do the planning for the new construction. It appears that renovation will cost as much as a totally new building. The hope is to be able to get 40-45% for the construction costs from a MSBA grant.

The second huge problem at Minuteman is the regional agreement. There are 16 towns in the region and 11 have agreed to the new regional agreement. Wayland in particular objects to the weighted vote and does not think its interests are being represented. Arlington which has having 40% of the students insists on having weighted voting. Nancy said that we in Acton can understand Arlington's position. An enormous amount of time and energy are being spent on trying to convince those five towns to vote positively for the new regional agreement.

SL: Some of those in the region who do not have students now want to have places saved for the future. Lincoln wants "most favored nation" status if a new school is built because it will be built on land in Lincoln. There is a breakfast tomorrow of town managers at Minuteman where the regionalization agreement will be discussed.

Nancy: The SC has great reservations about giving Lincoln the most favored status. Both Wayland and Lincoln will have the issue at their upcoming town meetings. Long-term we are hoping that the state will step in to sustain voc. tech education. The state has not allowed out of district students to pay the full costs of their education. Baker has been sensitive to voc. tech education. We have been able to get capital cost contributions for out of district students. The plans call for a reduction in the number of students from 800 to 628. We will also be changing the way we market the school: there is a competition between voc. tech and traditional academic schools. What parents should realize is that there are children who benefit from Minuteman's hands-on education and will not thrive in an academic situation. Acton has a good relationship with MM. This year there are four more students attending MM?

SN: What happens if all 16 don't approve the agreement?—do you just go back to the old agreement?

NB: Yes. We are thinking of special legislation if we get 15 yes and 1 no. We are trying to be more aggressive in selling the school.

Mike G: What about the tuition of out-of-district students and capital costs.

NB: Waltham and Medford which send a lot of students to MM are looking to start the programs in their own schools. There are capital costs attached to each student. We need to have a public review of the building program. Perhaps the LWV can organize a forum.

2. Update of FY 15 Revenues

SL: Given the weather conditions it's not surprising that we have run through the \$526k of our ice and snow account. We can carry this deficit into next year but would like to pay it off. The Governor has pledged to hold cities and towns harmless so we do not expect cuts in local aid.

Glenn B: The second quarterly report is due on the 26th. That will give us an update on FY15. We do not see additional 9C cuts in transportation coming. This is positive. However we expect the earlier 9C cuts to hold. We also have snow and ice problem and the use of the custodial crews to clear the snow.

Clare: More 9C cuts have been released but they have held off the cuts in regional transportation. Cuts in the circuit breaker by 1.5%

GB: SPED costs are always a concern; out-of-district placements; changes can occur weekly; we find that the superintendents in surrounding towns are faced with the same problems.

SN: Between this sheet and the one from the last meeting there seems to be a lot of revenue.

SB: We were asked to square the ALG plan with the towns recap—it is a different financial model. We have the tax rate at \$19.05 and had to retrofit that into the ALG plan. Example tax levy on pg 3 unused levy is at \$692k when in fact it's \$958k. That gives more tax relief when you balance the year. Overlay account is increased and in a good year we can use that for tax relief. If you look at school's table 6 we see \$635k deficit for FY16

SN: I see \$712k for FY 16

Marie: \$53.541M is the current assessment; \$712k is the former school debt credited in table 6.

SB: we done the roll out first for FY15 and now FY16

Bart: other questions?

4. Middlesex retirement service (MRS)

SL: As reported we received an eye opener increase in assessment for FY 16, as did Boxboro. Twenty-one APS employees have been moved to the region; in Boxboro it's 9. In addition 20 public safety

employees have been classified from group I which is where all public safety employees are classified to group 4. We went back to look through all our electronic transfers to MRS and have given this information to town counsel. This has been a shift of long-standing since 2011.

Clare: the plan is to move the employees to the proper group but we don't know why they were moved and this is what's causing the significant increase.

SL: we have town counsel looking into the matter as well as our actuaries Segal.

5. Review Spreadsheet

SB: FY 16 column: \$12k positive position; lowered assessment table \$135k positive; changes in AB debt, \$66k decrease; FY15 state aid higher than originally projected, \$213k positive; \$2.619M use of reserves; OPEB at \$1.4M. Work still needs to be done with the schools on reserve tabulations.

SN: You failed to note a 5% increase in the SFR tax bill

SB: There are still discussions to be had in the tax increase. We put in the actual value 4.99% which has the 2% increase in home values. Tax rate + value = tax bill

Bart: Are these changes noted?

SN: The FC is not anywhere close to accepting a 2.5% increase in the SFR tax bill. We have said from the outset that we should use 2%. We agree with the \$1.4M in OPEB. Things are looking way out of line and the FC is not close to agreement.

MG: We know where OPEB is, but I think the 4.99% is low because if you think the reassessment of homes will only be 2%, I think that's wrong. We are in for something much more unpleasant.

SN: Talking about home values; taxing for \$7.5M or even \$7.43 this is an increase without even putting in home value increases. Part of it is done by reclaiming the unused tax capacity.

Bart: Should we work on this more or should we move on once the budgets are set?

SN: Neither board has yet to vote their budgets we could have this discussion in two weeks

Marie Under #6 schools vote their budget Feb. 20

Bart: Shall we slide into #6? As I read it here we have need to come to a consensus on three major items in the next 40 minutes unless you are willing to go longer

6. Outstanding consensus items

Bart: Reaching consensus here means that members of ALG will take the decisions back to their boards and advocate for their acceptance. If you cannot do that, we will not have consensus.

A. Tax levy

Bart: Frame the issue

SB: FY16 column, third tab tax levy

ALG has 2.5% as base levy with \$0 unused component; \$900k in new growth; estimated overlay of \$900k; full extent of property tax.

Bart: How much capacity to use? Are we in agreement with \$0 of unused capacity?

SB/Katie No.

Bart: Does anyone have a better proposal; what is full levy to some is not to others. What figure do you suggest?

SN: The FC has 2%. You will not get a consensus from the FC on 2.5%

Marie: The budget proposed has to be reconciled with the revenues

SN: You will not get an agreement from the FC will 6.9% increase in the assessment. We have gone over this debate several times and the FC is not willing to use the unused levy capacity. The FC does not think it's a good strategy to go for 5% yearly increases in school budgets. We see it as doing business as usual we cannot depend on an override. The scariest part is that the increase of 6.9% represents level services. Looking out to FY 17 & 18; we are now talking about a \$2.4M use of reserves; \$2m in a stabilization fund; and we are worried about the E&D levels. There will not be enough for FY17 and for sure not enough for FY18.

Bart: What are the consequences of not having an agreement? Are the BoS & SC in agreement?

Katie: We have not taken a formal vote on our budget. I'm uncomfortable with the 2.5% and the whole issue of the unused levy. The town's FTE will be paid for by an increase in revenue. The school's increase in FTE's is not 6.9% but actually 7.9%

Kristin: The net increase of the cost of the FTE's is actually 0.2

Bart: What are the consequences of not agreeing?

SN: the Town Meeting does not really listen to the FC when we say we say we have no-sustainable budgets. We talked about long range planning in October and then we told you what we were facing. Now we have to deal with the reality.

Marie: A change of \$660k in revenues but use the \$925k to reduce the tax levy. We are taxing less in FY 15 and the jump in FY 16 yet we do not want to recoup and now FY15 is \$985 to the good. We could recoup some and bring the budgets down by \$585k

Bart: Would the FC take this back and support it?

SN: can the cuts be made?

Mike G: Cuts can always be made—it's not simple or easy but we know that the FC wants to have the rate at 2% for the next five years. This is not the best plan; last year it was at 1.5% and we deferred the payment and now we want it back. This is what we are saying we need and if we hold to the 2% we are going to need more reserves or cut expenses.

SN: What are the opportunities to cut? Collective bargaining is settled, so you don't have much choice there; you can reopen the health care costs.

Marie: I'm more comfortable going with the 2.5% and taking \$400k of the \$985k in cuts

Bart: Is this cut of \$585k?

Kristin: I'm more comfortable advocating for cuts if we go to the full 2.5%

SN: I'm willing to go to the FC if we can get the \$585k in cuts.

Dennis: We will get the information in tonight's packet and we will be making cuts

Bart: So the SC is ready to champion \$585k in cuts?

Dennis: We will talk about cuts and have a debate and vote. Do we take 70% Of the \$585k?

Glen: The implications as I see them we will need 9 votes in favor of cutting a budget that we have put forth as being one where the services are level and the contractual obligations make it difficult to cut much. It will be an uncomfortable night when the parents find out what's to be cut. I will need some direction from the school committee.

Marie the SC cuts will be \$446k.

Bart: is there agreement that the cuts for the town will be at the 37.9%?

Kristin: The number up for debate will have a list of service cuts of essential services. People will not understand the cuts when we have \$10M in reserves. Selling this will be very difficult.

***It was agreed that members would go back to boards and try to convince them of the need to make the cuts. (Total of \$585 with a 63/37 split)

Bart: You need to push for this or you can come back and agree to disagree. Do we have agreement on the use of \$2.6M in reserves? (Yes)

***There was also agreement on revenue projections

7. Public comment

Charlie Kadlec: The school enrollment has dropped; inflation is low but yet the school assessment is increasing by 8%. The compromise offered by the FC is being generous

8. Next meeting

February 26 7:30 AM

Adjourned 9:15

Ann Chang